



DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

[Doc. No. AMS-LPS-14-0081]

Notice of Inquiry; Request for Comments on a New Beef Promotion, Research, and Information Order

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Notice of Inquiry, request for comments.

SUMMARY: The Agricultural Marketing Service (AMS) of the Department of Agriculture (USDA) requests public comments to inform its development of a beef promotion, research, and information order under the Commodity Promotion, Research, and Consumer Information Act of 1996 (1996 Act). This request for comments offers the opportunity for interested individuals and organizations to provide views concerning provisions that would be included in an industry-funded promotion, research, and information program for beef and beef products. The proposed order would be in addition to the existing beef promotion and research program established under the Beef Promotion and Research Act of 1985 (1985 Act). A referendum on an order established under the 1996 Act would be conducted 3 years after assessments begin to determine whether beef producers favor the program and if it should continue. A second referendum would be held within 7 years of the start of the program.

DATES: Written comments must be received by [Insert date 30 days after date of publication in the FEDERAL REGISTER].

ADDRESSES: Interested persons and organizations are invited to submit written comments by any of the following methods:

Federal eRulemaking: At www.regulations.gov, follow the instructions for submitting

comments.

Mail: Comments may be sent to Beef Promotion, Research, and Information Order; Research and Promotion Division; Livestock, Poultry, and Seed Program; Agricultural Marketing Service, USDA, Room 2096-S, STOP 0249, 1400 Independence Avenue, SW; Washington, D.C. 20250-0249.

Instructions: All comments should reference the docket number, the date, and the page number of this issue of the *Federal Register*. In providing responsive comments concerning provisions of this program, please reference the heading below under which you are contributing information.

Please be advised that all comments submitted in response to this notice will be included in the record and will be made available to the public on the Internet at <http://www.regulations.gov>, including any personal information. Also, the identity of the individuals or entities submitting the comments will be made public.

FOR FURTHER INFORMATION CONTACT: Angie Snyder, Research and Promotion Division, by e-mail at angie.snyder@ams.usda.gov, by fax at 202/720-1125, or by phone on 202/720-5705.

SUPPLEMENTARY INFORMATION:

Background

1985 Act Program

The current beef promotion and research program (commonly called the Beef Checkoff Program) was authorized by the Beef Promotion and Research Act of 1985 (1985 Act), 7 U.S.C. 2901-2918, and became effective on July 18, 1986, when the Beef Promotion and Research Order, 7 CFR Part 1260, was issued. Assessments began on October 1, 1986.

The Beef Checkoff Program's goal is to strengthen the position of beef in the marketplace and to maintain and expand domestic and foreign markets and uses for beef and beef products. The program is funded by a mandatory assessment of \$1 per head collected each time cattle are sold. All producers owning and marketing cattle, regardless of the size of their operation or the value of their cattle, must pay the assessment. A comparable assessment is collected on all imported cattle, beef, and beef products. Assessments under this program, which total about \$80 million annually, are used to fund programs of promotion, research, and information that are carried out under federal oversight

This program is administered by the Cattlemen's Beef Promotion and Research Board (CBB) comprising approximately 100 domestic producer and importer members. Each year, the Secretary of Agriculture appoints about one-third of all CBB members to 3-year terms from cattle producers and importers nominated by eligible industry organizations.

Annually, CBB elects 10 members to a Beef Promotion Operating Committee (Operating Committee). The other 10 members of the Operating Committee are members of the Federation of State Beef Councils, which is a division of the National Cattlemen's Beef Association. The Operating Committee is responsible for developing budgets; approving projects of promotion, research, and information; and awarding contracts on behalf of the Beef Checkoff Program.

CBB employs a staff with offices in Centennial, Colorado.

Working Group Meetings

For more than 3 years, a Cross-Industry Working Group (CIWG, also known as the Beef Checkoff Working Group and the Beef Checkoff Enhancement Working Group) made up of a number of cattle industry and agricultural organizations met to identify ways to come to agreement on how to bring additional resources to the Beef Checkoff Program, including

whether to amend the existing program under the 1985 Act, to create a new program under the Commodity Promotion, Research, and Information Act of 1996 (1996 Act), 7 U.S.C. 7411-7425, or some other action. While producer attitude surveys show that support for the current program is high and indications are that most support an increase in the assessment rate, concerns have nevertheless been expressed about the structure of the program as contemplated by the 1985 Act and a desire by some that the Beef Checkoff Program structure be amended as a prerequisite for support for an increase in assessments.

CIWG members agreed that the current Beef Checkoff Program was underfunded to meet its long-range plan, but they did not settle on any governance changes. They did, however, request for USDA to amend the Beef Promotion and Research Order to allow organizations created since 1985 to contract with the Beef Checkoff Program. USDA completed this regulatory action in August 2012.

Since the initial meeting, the CIWG met several times, and unable to come to a recommendation, disbanded in June 2013. After disbanding, some organizations that were a part of the CIWG supported a proposal to develop a new beef program under the 1996 Act to limit any one organization's control over the direction of checkoff dollars. Other organizations that were a part of the CIWG supported keeping the program under the 1985 Act or establishing new beef-specific legislation.

At the direction of Secretary Thomas Vilsack, the CIWG reconvened in early 2014 and appointed a facilitator. The group last met in July 2014 in Washington, D.C., and identified a number of ways to enhance the current Beef Checkoff Program, including changing the nominating process to allow associations a greater say in who serves on the Beef Promotion Operating Committee, which directs the projects under the Beef Checkoff Program; increasing

the \$1.00-per-head assessment by an additional, refundable \$1.00; holding periodic requests for a referendum on the Beef Checkoff Program at local Farm Service Agency county offices; and having CBB staff take the lead in running Beef Checkoff committee meetings, which are jointly populated by both CBB members and members of the Federation of State Beef Councils (Federation), to address concerns about any one organization running the meetings.

Shortly thereafter, one organization withdrew from the CIWG, expressing belief that the actions were unlikely to result in the desired reform. The organization that withdrew from the CIWG further recommended that USDA create a new beef checkoff program under the 1996 Act.

At a meeting of most of the members of the CIWG on September 30, 2014, Secretary Vilsack announced his intention to bring more resources to beef industry research and promotion efforts by promulgating an order for a new program under the authority of the 1996 Act. The new program would operate concurrently with the Beef Checkoff Program already in place under the authority of the 1985 Act and would seek to address the beef industry's concerns about the structure of the current Beef Checkoff Program. A new checkoff program would serve as the basis of support for increased assessments.

Thus far, the CIWG has not made a recommendation on a path to enhance the Beef Checkoff Program through amendment of the 1985 Act, which would require Congressional action.

Questions & Answers

Why is this action being taken?

To address general industry recognition of a need to increase funding for beef promotion and research but having no discretion to enhance assessments under the 1985 Act, USDA is

developing a new Beef Promotion, Research, and Information Program authorized under its existing authorities granted by the 1996 Act. The program would enhance available resources, which would help the beef industry address important issues such as exports, beef demand, nutrition, and consumer information. As a result, additional resources could help increase demand for beef both domestically and internationally, thus benefitting cattle producers and the domestic beef industry.

Does the beef industry have a say?

Yes. First, USDA is seeking comments before drafting a proposed order under the 1996 Act. Second, USDA will seek comments on a proposed order.

Would this new program be subject to referendum?

Yes. Within 3 years following USDA's issuance of a final order, a referendum would be conducted among eligible beef industry entities to determine whether they favor continuation, termination, or suspension of the program. If the referendum passes, the new program would continue, with a second referendum held within 7 years of the start of the program. If the initial referendum fails, the program would be terminated.

What happens to the Beef Checkoff Program that was established under the 1985 Act?

Nothing; the current Beef Checkoff Program would continue. This action is separate from the Beef Promotion and Research Order (7 CFR Part 1260) established under the 1985 Act. The 1985 Act program would continue to run until beef producers and importers vote in a referendum to terminate the program. As provided by the 1985 Act, USDA would conduct a referendum on the request of a representative group comprising 10 per cent or more of cattle producers to determine whether cattle producers favor the termination or suspension of the

program. More information regarding the referendum process authorized by the Act of 1985 is available here: <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5108482>.

The proposed program to be implemented under the 1996 Act would run in addition to the current Beef Checkoff Program, and assessments collected under the new program would be handled under separate authority. Projects and funding would be determined by provisions established under the new order.

Comment Procedures

In your comments, please reference the heading(s) under which you are contributing information. USDA is specifically seeking comments addressing the questions listed below.

1. Who should be assessed?

2. What should be the board structure?

- Who is eligible to serve?
- Should there be a relatively large delegate body appointed by the Secretary that would elect and recommend from within itself a smaller board?
- What should be the size of the board?
- What should be the term of office?

3. How should the board be selected?

- Who may nominate eligible candidates to serve?
- What should be the nomination and selection process?

4. What should be the powers and duties of the board?

5. Who has decision-making authority?

- Should funding decisions be made by the full board or a smaller body elected from within this board?
- Should funding decisions be made in conjunction with other organizations such as the Federation of State Beef Councils or the current Cattlemen's Beef Promotion and Research Board?

6. How should the assessment rate be determined?

- Should the assessment be a specified amount, a percent of value, or an amount determined by board?
- If a specified amount or a percent of value, should there be provisions for adjustments to the rate by the board, and without subsequent producer referendum?
- Should there be a de minimis exemption for certain size operations or classes of cattle or beef?
- Should there be temporary or permanent provisions for refunds of assessments?

7. How should assessments be collected?

- Should the States or the national board collect the assessment?
- Should the assessment be levied at all points of sale, at slaughter, or at some other time?

8. When should the referenda be conducted?

Comments that do not address these topics or topics closely associated with the structure of a new beef research and promotion order under the authority of the 1996 Act may be deemed unresponsive or beyond the scope of this notice.

USDA will consider written comments in developing a Beef Promotion, Research and Information Order that provides for a promotion, research, and information program for beef and beef products under the 1996 Act. The new program would operate concurrently with the Beef Checkoff Program authorized under the authority of the 1985 Act.

Dated: November 4, 2014.

Rex A. Barnes,
Associate Administrator,
Agricultural Marketing Service.

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